

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

SUB-COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN BOB DEPRATU**, on March 20, 2003 at 11:10 A.M., in Room 350 Capitol.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Bob Story Jr., Vice Chairman (R)
Sen. Jim Elliott (D)

Members Excused: None.

Members Absent: None.

Staff Present: Lee Heiman, Legislative Branch
Shirley Herrin, Committee Secretary

Others Present:

Terry Johnson, Legislative Fiscal Division
Ryan Jose, Dept of Revenue
Judy Paynter, Dept of Revenue
Brad Simshaw, Dept of Revenue
Chris Christiaens, MT Landlord's Association
Randy Wilke, Dept of Revenue
Dolores Cooney, Dept of Revenue
Keith Colbo, MT Residents for Fair Property Taxes
Joe Roberts, Dept of Revenue
Mary Whittinghill, MT Taxpayers Assoc.

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Discussion On: SB 260 and SB 461

Brad Simshaw, Dept. of Revenue, passed out charts containing new information on SB 461. **EXHIBIT (tas59b01)**.

- A.** SB 461 - 48% (Original SB 461)
- B.** SB 461 - 41.5%

C. SB 461 - 40% Owner Occupied, 18.5% All Other.

D. SB 461 - 40% Owner Occupied, 20% Most Others.

He reviewed the charts in detail.

He then handed out a chart entitled Percent Change in Taxable Value for SB 461 (40% Owner Occupied and 18.5% Not Owner Occupied (0% other residences) **EXHIBIT(tas59b02)** and reviewed it in detail.

Brad Simshaw then passed out **EXHIBIT(tas59b03)**, a chart on SB 461 showing 40% Owner Occupied and all Other Class 4 at 18.5%. A discussion on the graphs was held between **Chris Christiaens, Dolores Cooney and Joe Roberts**.

The next chart that **Brad Simshaw** passed out pertained to SB 260 and referred to Taxable Values of Owner Occupied residences with a \$100,000 Full '97 Reappraisal Value. **EXHIBIT(tas59b04)** He then reviewed the chart in detail. A discussion was held between **SEN. ROBERT STORY, JR., SEN. JIM ELLIOTT** and **Brad Simshaw**.

Brad Simshaw then passed out another chart on SB 260, **EXHIBIT(tas59b05)** State 101 Mill Levy Tax Liability and Effective Tax Rate. Owner Occupied with a \$100,000 Full '97 Reappraisal Value. He also passed out a chart on SB 260 - Change in Effective Tax Rates - Owner Occupied with \$100,000 Full '97 Reappraisal Value. **EXHIBIT(tas59b06)**. He reviewed both charts in detail

Judy Paynter and **Brad Simshaw** answered questions posed by the committee pertaining to information that was provided in the charts.

CHAIRMAN DEPRATU stated the committee was at a point, that although they have concerns about different things, they are going to have to wind things up by Monday or Tuesday. **SEN. STORY** said now that they have all the information they are going to need, he wants to visit with the Governor's office and see what they want propose any adjustments to SB 461. **CHAIRMAN DEPRATU** said he is not comfortable solution and he would like to take it off the table if the committee is willing to do that. **SEN. ELLIOTT** said that is the scenario that he most prefers.

CHAIRMAN DEPRATU also expressed his concern about the disparity - he doesn't think that much disparity is going to be constitutional. He would like to suggest that they ask for a legal opinion on where they can go from a disparity standpoint and know what their guidelines are. He also has a problem shifting those extra taxes onto the renters and the Montana

second home owners. The chairman stated he is also concerned about the eleven percent perception problem and the capital gains perception problem.

CHAIRMAN DEPRATU announced they will meet on Monday but will announce the time later as **SEN. ELLIOTT** has a bill up in the Finance Committee that day.

ADJOURNMENT

Adjournment: 11:45 A.M.

SEN. BOB DEPRATU, Chairman

SHIRLEY HERRIN, Secretary

BD/SH